

## **CODE OF CONDUCT FOR BOARD MEMBERS & SENIOR MANAGEMENT**

Ashnoor Textile Mills Limited (ATML) is committed to conduct its business in accordance with applicable laws, rules and regulations, and the highest standards of business ethics, and to the complete and accurate disclosure in compliance with applicable laws, rules, and regulations. The purpose of this code is to deter wrongdoing and promote ethical conduct. The matters covered in this code are of utmost importance to the Company and shareholders and these are essential for conduct of our business in accordance with ethical values.

### **Applicability**

This Code of Conduct applies to the following (hereinafter referred to as “Officers”):

- All the members of the Board of ATML
- Chief Financial Officer and Company Secretary
- Members of the Senior Management

“Senior Management” shall mean personnel or officers of the Company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management one level below the executive Directors, including all functional heads.

### **Compliance with Laws, Rules, and Regulations**

Ethical business conduct is critical to our business. All the Officers are expected to comply with all applicable laws, rules, and regulations, including all laws prohibiting insider trading, engage in and promote honest and ethical conduct and abide by the policies and procedures that govern the conduct of the Company’s business. Officer’s responsibilities include helping to create and maintain a culture of high ethical standards and commitment to compliance.

### **Honest and Ethical Conduct**

All the Officers are expected to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct, while working in the Company’s premises and outside at any other place where Officers are representing the Company. Honest conduct means conduct that is free from fraud or deception. Ethical conduct means conduct conforming to the accepted professional standards of conduct.

### **Prevent Conflicts of Interest**

No Officer should make any investment, accept any position or benefits, participate in any transaction or business arrangement or otherwise act in a manner that creates or appears to create a conflict of interest unless they make full disclosure of all facts and circumstances. A conflict of interest under this Code arises when the Officers take actions or have interests that conflict in any way with the interests of the Company.

### **Confidential Information**

All the Officers are required to maintain the confidentiality of all confidential information that they receive or become privy to in connection with the Company’s business, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information that might prejudice the ability if the Company to pursue certain customers, if disclosed. Confidential information also includes any information relating to the Company’s business and affairs that results in or would reasonably be expected to result in a significant change in the market price or value of any of the Company’s securities or any information a reasonable investor would consider important in making an investment

decision. The Officers must not use confidential information for their own advantage or profit.

### **Disclosures & Filings**

It is the Company's policy to make complete, fair, accurate, timely and understandable disclosure in compliance with all applicable laws and regulations in all reports and documents that the Company files with, or submits to, the Securities and Exchange Board of India and Stock Exchanges and in all other public communications made by the Company. The Company's management has the general responsibility for preparing such filings and such other communications and shall ensure that such filings and communications comply with all applicable laws and regulations.

### **Compliance with Code of Conduct**

If any Officer know of or suspect a violation of applicable laws, rules or regulations or this Code of Conduct, he/she must immediately report that information to the Chairman of Audit Committee. The Company recognizes that resolving reported problems or concerns will advance the overall interests of the Company, and will help to safeguard the Company's assets, financial integrity, and reputation.

Violations of this Code of Conduct may result in disciplinary action, up to and including discharge. The Company's Audit Committee shall determine, or shall designate appropriate persons to determine appropriate action in response to violations of this Code of Conduct. Violations of this Code of Conduct may also result into violation of certain laws which have prescribed penalties and sanctions.

The provisions of the Companies Act, 2013 and rules thereto and amended clause 49 of the listing agreement (including any amendment thereto from time to time) to the extent applicable, shall apply to the Officers as mentioned above.

### **Affirmation of compliance with the Code of Conduct**

The Officers shall within 30 days of the close of each financial year affirm compliance with the Code. The Annual Compliance Report shall be forwarded to the Chief Compliance Officer of the Company, which further will form part of the Annual Report of the Company containing a declaration to this effect signed by the Managing Director/CEO.

### **No Rights Created**

This Code of Conduct is a statement of certain fundamental principles, policies, and procedures that govern the Officers of the Company in the conduct of the Company's business. It is not intended to and does not create any rights in any employee, customer, client, supplier, competitor, shareholder or any other person or entity.

### **Duties of Independent Directors**

Pursuant to section 149, 166 of the Companies Act, 2013 and rules thereto and Schedule IV of the Companies Act, 2013

**(I) Guidelines of professional conduct:** An independent director shall

- 1) uphold ethical standards of integrity and probity;
- 2) act objectively and constructively while exercising his/her duties;
- 3) exercise his/her responsibilities in a *bona fide* manner in the interest of the Company;
- 4) devote sufficient time and attention to his/her professional obligations for informed and balanced decision making;
- 5) not allow any extraneous considerations that will vitiate his/her exercise of objective independent judgment in the paramount interest of the Company as a whole, while

- concurring in or dissenting from the collective judgment of the Board in its decision making;
- 6) not abuse his/her position to the detriment of the Company of its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
  - 7) refrain from any action that would lead to loss of his/her independence;
  - 8) where circumstances arise which made an independent director lose his/her independence, the independent director must immediately inform the Board accordingly;
  - 9) assist the Company in implementing the best corporate governance practices.

**(II) Role and functions:** The independent directors shall

- 1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- 2) bring an objective view in the evaluation of the performance of board and management;
- 3) scrutinize the performance of the management in meeting agreed goals and objectives and monitor the reporting of performance;
- 4) satisfy themselves on the integrity of financial information and that financial control and the systems of risk management are robust and defensible;
- 5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- 6) balance the conflicting interest of the stakeholders;
- 7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- 8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

**(III) Duties:**

The independent directors shall

1. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
2. seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;
3. strive to attend all meetings of the Board of Directors and of the Board Committees of which he is a member;
4. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
5. strive to attend the general meetings of the Company.
6. where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
7. keep themselves well informed about the Company and the external environment in which it operates.
8. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
9. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company;

10. ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11. report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy;
12. acting within his/her authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
13. not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

**(IV) Separate Meetings:**

- 1) the independent directors of the Company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- 2) all the independent directors of the Company shall strive to be present at such meeting;
- 3) the meeting shall:
  - a. review the performance of non-independent directors and the Board as a whole;
  - b. review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
  - c. assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**(V) Liability of Independent Director:**

An independent director shall be held liable, only in respect of such acts of omission or commission by the Company which has occurred with his/her knowledge, attributable through Board processes and with his/her consent or connivance or where s/he had not acted diligently with respect of the provisions contained in the Listing Agreement.

**Publication of the Code**

The Code shall be posted on the website of the Company.

**Amendments(s)**

Any amendment or modification to this Code shall be possibly only with the prior approval of the Board of the Company.